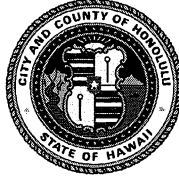


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KIRK CALDWELL  
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MANAGING DIRECTOR

GEORGETTE T. DEEMER  
DEPUTY MANAGING DIRECTOR

June 23, 2014

The Honorable Ernest Y. Martin  
Chair and Presiding Officer  
and Members  
Honolulu City Council  
530 South King Street, Room 202  
Honolulu, Hawaii 96813

Dear Chair Martin and Councilmembers:

I am returning, unsigned, Bill 11 (2014), CD1, relating to the Legislative Budget; Bill 12 (2014), CD2, FD1, relating to the Executive Operating Budget; and Bill 13 (2014), CD2, FD1, relating to the Executive Capital Budget. My decision to not sign these bills is based on an underlying disagreement over the authority of the Council to approve the budgets for the Honolulu Authority for Rapid Transportation ("HART").

I am also returning unsigned under a separate letter, Bill 20 (2014), Bill 21 (2014) and Bill 22 (2014), which, respectively, relate to HART's operating budget and HART's capital budget, and to the issuance of and sale of general obligation bonds and bond anticipation notes in the principal amount equal to the aggregate of the amounts appropriated by the City Council in the HART capital budget Bill 21. As more fully explained in my letter regarding those three bills, Bill 20, Bill 21 and Bill 22 reflect the exercise by the City Council of authority over the monies and budgets of HART that the City Council does not have under Article 17 of the Revised Charter of the City and County of Honolulu (2000), as amended ("Charter").

In particular, I object to the inclusion of the following HART-related provisions in Bill 11, Bill 12 and Bill 13:

Relating to Bill 11:

- (1) Section 4 at page 5, references to the HART Operating Budget ordinance and the HART Capital Budget ordinance.

The Honorable Ernest Y. Martin  
Chair and Presiding Officer  
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June 23, 2014  
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Relating to Bill 12:

- (1) All of Subsection 12(c) at page 18 and page Amendment List 25;
- (2) Section 14 at page 22 and page Amendment List 26, references to the HART Operating Budget ordinance and HART Capital Budget ordinance; and
- (3) At pages Amendment List 28 and 29, the five entries that reference "Information from D-203" and the three entries referring to interfund and general fund transfers pertaining to the Transit Fund.

Relating to Bill 13:

- (1) Section 15 at page Proviso-6 and page Amendment List 12, references to the HART Operating Budget ordinance and HART Capital Budget ordinance.

As stated in my letter regarding Bill 20, Bill 21 and Bill 22, I have read prior communications to the City Council,<sup>1</sup> which contain the background and details about the extent of the City Council's legislative authority under the Charter to enact ordinances relating to HART monies and the HART budgets.

I am grateful that the Council supported my budget requests in large part. I appreciate the hard work of the Chair of the Budget Committee and Vice Chair of the Council to address my concerns and find common ground. I am especially encouraged that the Council supported revenue increases that will allow for sound financial planning in the future and bolster the City's ability to sell its general obligation bonds in a competitive market. While I still have concerns over the use of council additions to the operating and capital budgets to provide grants to nonprofit entities that are independent of the charter-mandated Grants in Aid Fund review process, I do not wish those concerns to taint an otherwise productive budget process.

For the reasons I state above, I am returning these three bills without my signature of approval, in lieu of any other action available to me on these bills.

Sincerely,

A handwritten signature in black ink, appearing to read "Kirk Caldwell", with a long, wavy horizontal line extending to the right.

Kirk Caldwell  
Mayor

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<sup>1</sup> Department Communication No. 149 (2011), Mayor's Message No. 74 (2011), Mayor's Message No. 95 (2011), and Mayor's Message No. 61 (2012).